



JAMES H. "JIM" BROWN  
COMMISSIONER OF INSURANCE  
STATE OF LOUISIANA

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JANUARY 13, 2000

DIRECTIVE NUMBER 151

INSURANCE PREMIUM FINANCING

RECENTLY, THE DEPARTMENT HAS BECOME AWARE THAT SOME AUTOMOBILE INSURERS ARE REFUSING TO ACCEPT APPLICATIONS FOR INSURANCE SOLELY BECAUSE THE PREMIUMS FOR THE POLICIES APPLIED FOR HAVE BEEN ADVANCED BY A PREMIUM FINANCE COMPANY. FURTHER, THE DEPARTMENT HAS BECOME AWARE THAT SOME AUTOMOBILE INSURERS MAY BE PAYING LESSER COMMISSION RATES TO AGENTS WHOSE CUSTOMERS CHOOSE TO PREMIUM FINANCE THEIR INSURANCE POLICIES AND THAT CERTAIN INSURERS HAVE ADVISED SOME AGENTS THAT THEIR CONTRACTS WILL BE TERMINATED SHOULD THE AGENT CONTINUE TO UTILIZE PREMIUM FINANCING IN LIEU OF OTHER METHODS OF PAYMENT.

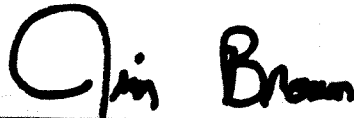
THESE PRACTICES BY INSURERS, MANAGING GENERAL AGENTS AND SURPLUS LINES BROKERS ARE IN DIRECT CONTRAVENTION WITH LSA-R.S. 9: 3550(J) WHICH PROVIDES:

NO INSURER OR ITS AGENT MAY REFUSE TO ISSUE A POLICY OF INSURANCE SOLELY BECAUSE THE PREMIUMS THEREFOR HAVE BEEN ADVANCED BY A PREMIUM FINANCE COMPANY LICENSED IN LOUISIANA. NOR SHALL ANY INSURER OR ITS AGENT DISCRIMINATE, INTIMIDATE OR RETALIATE AGAINST A PRODUCING AGENT/BROKER WHO USES PREMIUM FINANCING BY DENYING HIM THE SAME RIGHTS ACCORDED AGENTS AND BROKERS WHOSE INSURED'S PAY THEIR POLICIES IN A DIFFERENT MANNER.

THEREFORE, I HEREBY ORDER AND DIRECT THAT:

ALL INSURERS, MANAGING GENERAL AGENTS AND SURPLUS LINES BROKERS IMMEDIATELY COMPLY WITH LA.R.S. 9:3550(J).

A VIOLATION OF LA.R.S. 9:3550(J) CONSTITUTES A VIOLATION OF LA.R.S. 22:1214(12), AND WILL THEREFORE CONSTITUTE AN UNFAIR TRADE PRACTICE. INSURERS FAILING TO COMPLY WILL BE SUBJECTED TO PENALTIES AS PROVIDED IN LA.R.S. 22:1217 AND OTHER APPLICABLE PROVISIONS OF THE LOUISIANA REVISED STATUTES.

A handwritten signature in black ink that reads "Jim Brown". The signature is written in a cursive, flowing style.

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JAMES H. "JIM" BROWN  
COMMISSIONER OF INSURANCE